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TAGS: [ECON](#) [ETRD](#) [AR](#)

SUBJECT: EMBASSY SUCCESS ON BEHALF OF EXPRESS MAIL COMPANIES

REF: (05) BUENOS AIRES 229

Classified By: Ambassador Lino Gutierrez for reasons 1.4 (b) and (d).

Summary

¶1. (U) Argentina's Director General of Customs (DGC) has suspended implementation of a resolution, Resolution 2021, that would have amended the regulatory framework governing international express mail deliveries. Post organized the April 28 meeting between the DGC and representatives of Argentina's Chamber of International Express Mail Service Providers (CAPSIA) in which the DGC decided to suspend the resolution. Resolution 2021 would have: required independent customs brokers to process deliveries; reduced allowable weight limits; imposed a 50-percent tax on "commercially valuable" items; and established a new information technology system to process deliveries. The DGC has agreed to work with closely with CAPSIA on the development of controls affecting the industry. End Summary.

Couriers Face Stricter Rules

¶2. (U) Argentina's Federal Revenue Administration (AFIP) published Resolution 2021 on March 31 in the Official Gazette to amend regulations affecting express-mail service companies. Resolution 2021 was scheduled to enter into force on May 2 and would have increased controls to reduce the flow of contraband as outlined in Resolution 1811 from January 2005 (see reftel). The proposed resolution required: senders and receivers of express-mail deliveries to have an Argentine tax or labor identification number; express-mail service companies to use independent customs brokers for any package destined for a given recipient that exceeds 50 kgs (110 lbs.) and/or USD 1,000 in the course of a given month; and recipients of express-mail deliveries to pay a duty equal to 50 percent of the declared value of any package deemed to have commercial value. Federal Express and UPS expressed their concerns to post that Resolution 2021 would create bottlenecks that would adversely affect their business. The firms doubted that Customs, which is overseen by AFIP, had sufficient information technology resources and staff to process the data which Resolution 2021 required express-mail companies to provide.

¶3. (U) Companies forming Argentina's Chamber of

International Express-Mail Service Providers (CAPSIA) increased their efforts to create allies within the small business community and in the tourism sector to amend, if not suspend implementation of, Resolution 2021. These efforts began when Resolution 1811 went into effect (see reftel). Representatives of CAPSIA companies published editorials critical of Resolution 1811, emphasizing that Resolution 2021 would be more damaging to the industry. Another article written by a private citizen, called "Barbie Imprisoned," criticized AFIP for allowing Customs to impede legitimate transactions for no measurable benefit or security objective.

CAPSIA companies worked on an individual basis to meet with the Director General of Customs as well as advisors to the AFIP Administrator to discuss possible improvements to the proposed Resolution 2021.

Post Builds on CSI Relationship

¶4. (U) Post responded to the U.S. companies' concerns by raising the issue with interlocutors at various levels within the Economy and Planning Ministries. Econoffs also met with operations directors in Customs and AFIP for a "hands-on" assessment of the effects of the implementation of Resolution 1811 to determine what changes would flow from the eventual implementation of Resolution 2021. Econoff organized meetings with the Deputy Director of Customs for Controls and the U.S. companies in CAPSIA to monitor processing of packages arriving at Buenos Aires Ezeiza International Airport. Director General of Customs Ricardo Echegaray contacted Econoff after these meetings had been and said that "Customs has nothing to hide" regarding the express-mail companies, and he would be "happy to answer any questions the U.S. Embassy might have on the issue." Econoff suggested a small meeting between representatives of CAPSIA companies and the Director General, who accepted.

¶5. (U) Echegaray began the meeting thanking the Embassy for its leadership in establishing the Container Security Initiative and that he looked forward to enhancing bilateral cooperation. He turned to the subject of the express-mail companies and said that he was glad to have this opportunity to address the companies at the same time, rather than having to "hear from CAPSIA one day, respond to articles in the newspaper the next, and respond to Secretary of Industry Miguel Peirano the day after." (Note: The Commercial Counselor and the Economic Counselor had called on Secretary Peirano on July 27 and October 20, 2005, to express concerns about Resolution 1811's impact on the small- and medium-sized business community, which rely on express mail to receive critical parts, deliver samples, and make Internet deliveries. End Note.) Echegaray asked the company representatives what their major concerns were regarding the upcoming implementation of Resolution 2021. The companies responded that the test runs they had conducted with customs officers at Buenos Aires International Airport showed that the number of officers and the information technology were inadequate for processing packages in a timely manner.

¶6. (C) Echegaray responded critically to the existing regulatory framework under Resolution 1811 and to the proposed measures under Resolution 2021. He echoed comments that his advisors had made in earlier meetings with Econoffs that "Resolution 1811 does not work." He also said that "there is a better way to regulate express-mail activity" that will increase security without harming users. In a surprisingly public censure, Echegaray lamented that AFIP was "unfortunately plagued with mediocrity" and even "Customs sometimes lacks vision when the issue is fulfilling the policies of the State." He concluded by saying that he would suspend implementation of Resolution 2021 until Customs had had the opportunity to consult closely with CAPSIA members on the development of an information technology system that is able to process the information AFIP has required express-mail companies to provide.

Comment

¶7. (C) Customs Director Echegaray, who was appointed by President Kirchner, and AFIP Administrator Abad, who was appointed by former President Duhalde, have been struggling for authority over customs issues since Echegaray's appointment in May 2003. Echegaray has spent his entire professional career working on customs issues, in an advisory capacity for governments in Central America and in Patagonia before working in the Kirchner administration. Consequently, he views customs as both a revenue-collecting office and a law enforcement agency. This may be the source of the tension with AFIP Administrator Abad. Rumors about Abad's departure have been in circulation since Echegaray's arrival, but Abad remains in place, in part because of his success in collecting record-level government revenues. The Embassy's success in facilitating a suspension of Resolution 2021 is partly related to Echegaray's willingness to challenge Abad's effort to use the resolution to increase revenue collections at the expense of the express-mail industry. This is not the last word on the GOA's efforts to regulate the express-mail industry, but the industry now appears to have a GOA official who is willing to take its interests into consideration. End Comment.

¶8. (U) To see more Buenos Aires reporting, visit our classified website at:
[< /a>](http://www.state.sgov.gov/p/wha/buenosaires)
GUTIERREZ